

**CONTRACT CONCEPTS  
FISCAL YEAR 1997-98****Concept Number: 26-WPM-RMDZ**

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**Requesting Party:** Recycling Market Development Revolving Loan Program**Amount:** \$115,000**Fund:** IWMA**Primary Staff Contact:** Bob Caputi 255-2442

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**Description:** Specialized Accounting/Financial Assistance

The purpose of this proposed contract is to obtain specialized accounting and/or financial assistance services in support of the Board's Recycling Market Development Revolving Loan Program. Specific services include, but are not limited to: providing loan packaging technical assistance to RMDZ loan applicants, reviewing staff credit analysis, and upon the request of staff, review applications to provide opinions to loan officers regarding accounting and credit issues. This contract is currently held by KPMG Peat Marwick, LLP.

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**Supports Board Mandate:** The contract is necessary for the Board to provide adequate support to the Recycling Market Development Zone Loan Program and local jurisdictions in achieving AB 939 disposal reduction mandates.

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**History:** This represents a decrease from FY 1994-95 (\$150,000) and maintains the same level of funding as FY 1995-96, while extending the term of this contract to two full years.

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**Benefit to the Board:**


If approved, the Board will be able to assist local jurisdictions in achieving AB 939 disposal reduction mandates.

If denied, the ability of the Board to assist local jurisdictions will be severely affected.

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**Budget Process:** The amount is based on a modified scope of work from historical activities and past experience.

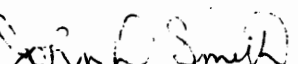
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Division Liaison

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Date


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Branch Manager

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Date

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Deputy Director

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Date

**CONTRACT CONCEPTS**  
**FISCAL YEAR 1996-97 or 1997/98**

**Concept Number:**  
**36-WPM-RMDZ**

**Requesting Party:** Recycling Market Development Revolving Loan Program  
**Amount:** \$200,000  
**Fund:** IWMA  
**Primary Staff Contact:** Bob Caputi 255-2442

**Loan Closing Description: \$200,000**

This contract will pay the costs associated with outsourcing the documentation and closing of the RMDZ loans. These services are currently being handled by a combination of Board staff and the outside legal counsel. The scope of work for loan closing entails: receiving information from Board staff regarding the Board approved loan; preparing loan documentation consistent with the Board loan approval; providing loan closing services and coordinating with Board staff for funding of the loan; and to provide an Opinion of Counsel to the Board that the loan closing was conducted in accordance with the Board approved terms and conditions. Separate from, but related to the loan closing is the preparation of the loan documentation consistent with any approved loan modifications. The latter work will be done on an as needed basis and will be billed at an hourly rate. The contract will be for two years.

**Supports Board Mandate:**

SB 1535 established the loan program with the objective to create markets for diverted materials by increasing the use of recycled materials as manufacturing feedstock.

**History:**

In March of 1996, the Loan Program began outsourcing loan closings through its outside legal counsel. Of the seven loans that were sent through this new process, four closed, two are in the process of closing and one loan withdrew (applicant received a grant in place of the loan). Closing time was greatly reduced with closings ranging in time from one to four months.

**Benefit to the Board:**

Out sourcing loan services would shift resources to increase loan origination activities in the Recycling Market Development Zones. Improved loan origination will lead to increased number of closed loans.

**Budget Process:**

The closing contract cost was based on closing 40 loans, at an estimated cost of \$4,300/loan, with approximately \$28,000 for additional hourly billings on difficult loans where renegotiation, restructuring and perfection of collateral may be required. The per loan closing costs includes a contingency for legal costs necessary to modify loans, substitution of collateral, partial and full releases of collateral, etc.

The approved contract concept is for a 24 month term, to be funded from 1996/97 funds. If because of timing constraints 1996/97 funds cannot be encumbered, then the approved contract concept will be encumbered in fiscal year 1997/98.

*Atui McFarland*  
Division Liaison

4/11/97  
Date

*John L. Smith*  
(Branch Manager)

4-10-97  
Date

*[Signature]*  
Deputy Director

4-11-97  
Date